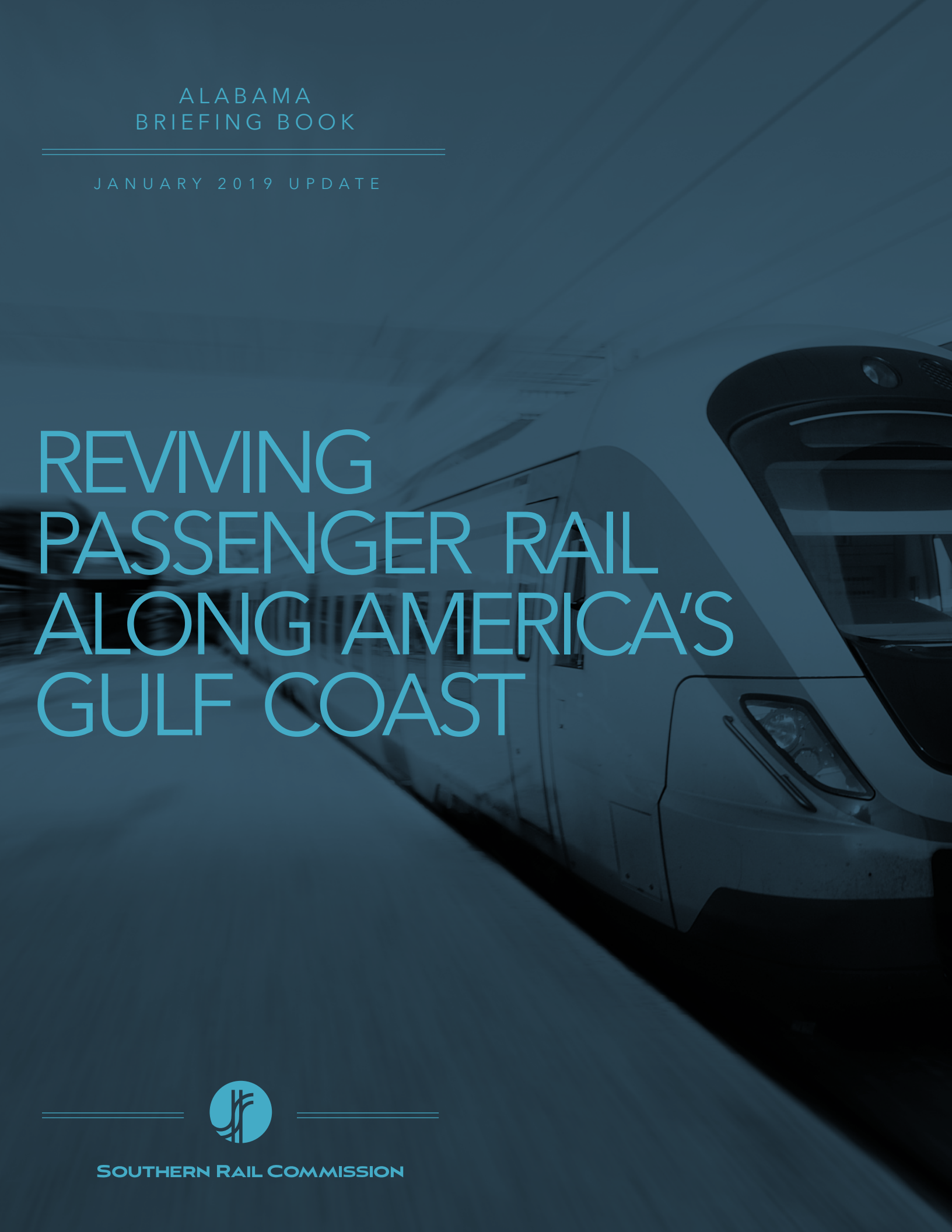
ALABAMA
BRIEFING BOOK

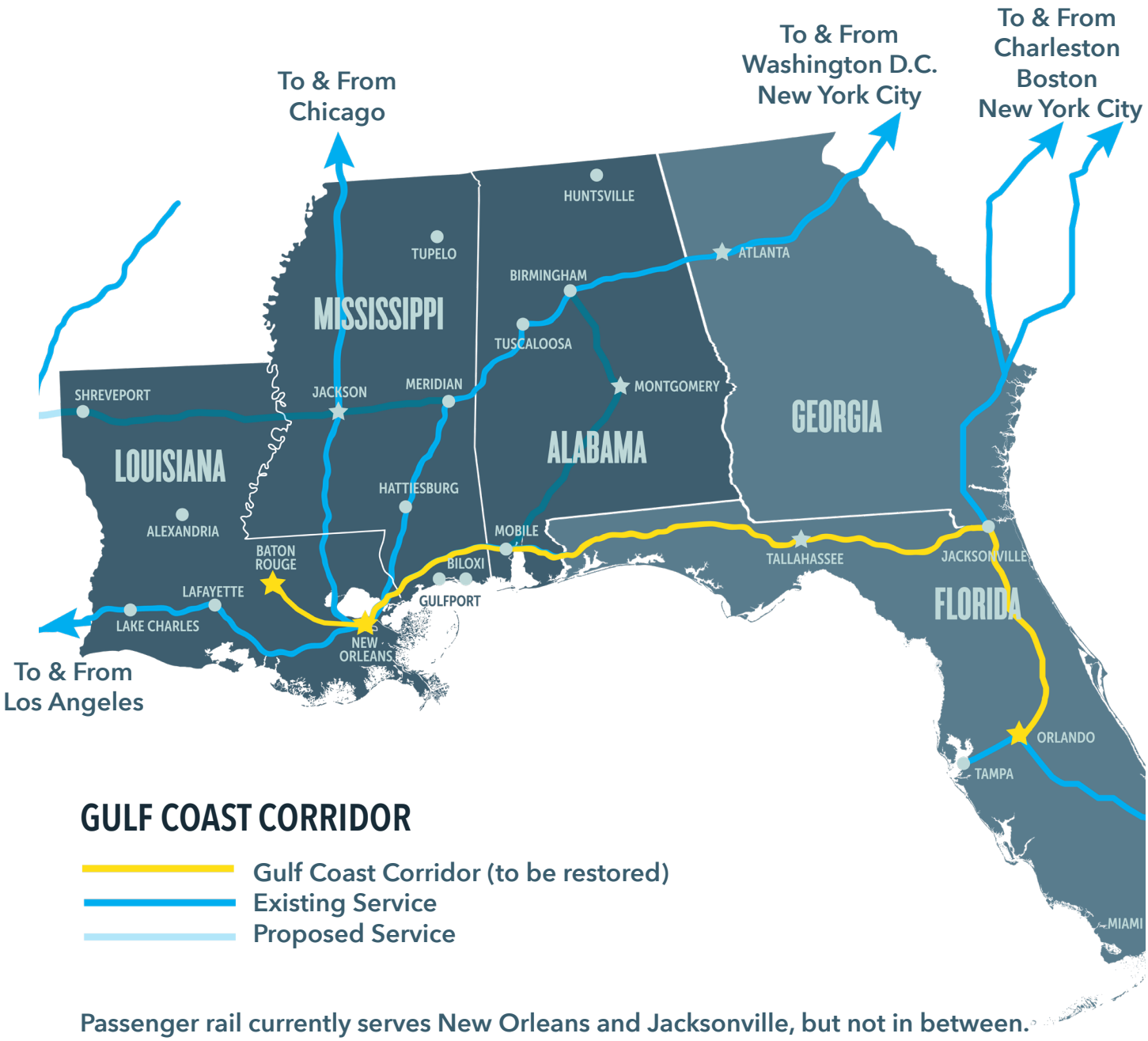
JANUARY 2019 UPDATE

REVIVING PASSENGER RAIL ALONG AMERICA'S GULF COAST



SOUTHERN RAIL COMMISSION

PASSENGER RAIL MISSING BETWEEN NEW ORLEANS AND JACKSONVILLE



Passenger rail currently serves New Orleans and Jacksonville, but not in between.

GULF COAST PASSENGER RAIL ROUTE

REVIVE PASSENGER RAIL SERVICE ON THE GULF COAST

The Gulf Coast had passenger rail service from 1894 to 2005. However, since Hurricane Katrina, the region has gone without any passenger rail service and its absence is exacting a price on the communities once served. ***It is time to revive passenger rail service on the Gulf Coast.***

OUR ASK: ***Submit a support letter on behalf of the Southern Rail Commission (SRC)'s applications*** *for two federal grants - Consolidated Rail Infrastructure and Safety Improvements (CRISI) and Restoration and Enhancement (R&E) Grants - that will bring back new, improved, daily passenger rail service between Mobile, AL and New Orleans, LA, with two round trips starting and ending in Mobile every day.*

BACKGROUND

After Katrina, **Congress created the Gulf Coast Working Group to determine a path forward for passenger rail service** in the region. The group included the Federal Railroad Administration (FRA), the SRC, and elected officials and business leaders from the Gulf. In 2015, Congress created new federal rail programs with set asides to restore passenger rail service in the Gulf: the CRISI program and the R&E programs. **CRISI can fund the capital improvements necessary to restart service and R&E can cover most operating expenses for the first three years for the restored service.**

In 2018, FRA issued notices of funding opportunities (NOFO) for FY17 and FY18 funding for the CRISI program and for FY17 funding for the R&E programs. **The SRC submitted a grant application** in May 2018 for FY17 R&E funds and a grant application in October 2018 for FY18 CRISI funding.

The University of South Alabama, in partnership with the Trent Lott Center for Economic Development at the University of Southern Mississippi completed a study that used standard economic analyses to project the return on Alabama's investment. **They found that the $5.56 million investment by Alabama would yield an annual benefit estimated at $130 million annually for Mobile and the State of Alabama**, assuming a 10 percent rise in tourism. Therefore, this project would provide a **23:1 return on Alabama's investment**. Very few economic development projects have this type of return on investment.

COSTS

- Total Project Cost in Alabama (Capital+Operating) - $14.12 million
- Alabama Funding Request - $5.56 million

CAPITAL COSTS

- Total Project Infrastructure Costs is $50.91 million.
- Total Cost of Infrastructure Improvements in Alabama is $7.15 million.
- Alabama (State and City of Mobile) is expected to contribute $2.77 million.
- Amtrak has agreed to contribute $810,000. Federal government is expected to contribute $3.57 million.
- The CRISI application requests $500,000 for a study of how to best reduce freight and future passenger rail congestion through the Port of Mobile.
- SRC also requested $150,000 from the federal government for final design of the new Mobile Station with the City of Mobile providing the $150,000 matching funds for the CRISI application.

OPERATING SUPPORT

- The SRC submitted an application for an R&E grant to offset the estimated $6.97 million in net operating cost annually. In addition Amtrak has agreed to help cover some of that operating cost. Alabama would split equally with Mississippi and Louisiana the amount that the R&E grant and Amtrak won't cover.
- Recently instituted state supported trains like the Lynchburg, Virginia service have seen ridership above projections and have not required any state subsidy for operating support.

BENEFITS

- **Two daily trains** operating during daytime business hours connecting the City of Mobile with the Gulf and New Orleans
- Links visitors, employees and state residents to casinos, military bases, historic and tourist sites, and colleges
- **Creates 45 new full-time, permanent, high wage jobs** for operating the train
- **Creates 50 new full-time jobs** to construct the rail and plan for station improvements
- **Newly renovated center city passenger rail station** that can incentivize new development

WHO WILL USE IT

- Anyone who wants access to the Gulf Coast jobs, tourism sites and the cruise terminal in Mobile.
- Businesses or Employees- a new transportation option that repositions the Mobile and the Gulf region as a destination and employment center for millennials.
- Residents in search of a faster, reliable transportation option for natural disaster evacuation.
- Alabama aging population who have declining mobility.

STATE ECONOMIC IMPACT
DAILY PASSENGER RAIL SERVICE

Railway Construction Impact for the 4-year Timeframe

Activities	Employment	Labor Income	Value Added	Output (Direct, Indirect, and Induced)
Railway Construction	41	$1,878,007	$2,591,299	$5,233,971
Railway Station Renovation	2	$81,651	$115,749	$245,830
Total (over four years)	43	$1,959,658	$2,707,048	$5,479,801
Average per year	11	$489,914	$676,762	$1,369,950

Annual Impact of Railway Operation

Activities	Employment	Labor Income	Value Added	Output (Direct, Indirect, and Induced)
Railway Operation	8	$530,000	$950,000	$1,840,000

Annual Impact of Tourism

Increased Tourism Scenarios	New Annual Employment	Labor Income	Value Added	Output (Direct, Indirect, and Induced)
1%	188	$4,795,825	$6,226,305	$11,855,857
5%	914	$23,638,828	$29,981,425	$57,493,105
10%	2,030	$52,040,398	$67,871,811	$129,878,826
20%	3,680	$92,960,585	$115,080,266	$220,439,285

RESTORATION AND ENHANCEMENT GRANTS SUMMARY

The R&E Grants program provides federal support for operating costs for the first three years for new or enhanced passenger rail service.

This program reflects the fact that historically, new passenger rail service was subsidized until it could build brand awareness and become financially sustainable.

The R&E Grants program funds a service's net operating costs up to:

80%
IN **YEAR ONE**

60%
IN **YEAR TWO**

40%
IN **YEAR THREE**

DRAFT SUPPORT LETTER

[DATE]

The Honorable Elaine L. Chao
U.S. Department of Transportation
1200 New Jersey Avenue
Washington, DC 20590

The Honorable Ronald Batory
Federal Railroad Administration
1200 New Jersey Avenue
Washington, DC 20590

Dear Secretary Chao and Administrator Batory:

I write to convey my strong support for restoring passenger rail service along the Gulf Coast. Restoring this service is critical to the economic recovery, and future economic growth, of the Gulf Coast communities I represent. To achieve this important goal, the Southern Rail Commission (SRC) has applied for two critical federal grants. Specifically, the SRC seeks $32,995,516 in FY2018 Consolidated Rail Infrastructure and Safety Improvements (CRISI) funding from the Federal Railroad Administration (FRA) – matched by $32,995,516 from Amtrak, the City of Mobile, State of Mississippi, Mississippi Department of Transportation, Jackson County Port Authority, and private sources – to re-establish a passenger route between New Orleans and Mobile, as well as complete the environmental assessment between Baton Rouge and New Orleans. The SRC has also submitted an application for approximately $4.80 million in FY17 Restoration and Enhancement (R&E) program funding to provide operating support for this restored service. I am pleased to support each of these applications and ask that you give them your full consideration.

As you may know, the Gulf Coast had passenger rail service from 1894 until 2005. However, since Hurricane Katrina, the region has gone without any passenger rail service and its absence continues to hurt the communities once served. Working in a bipartisan manner, Senator Thad Cochran and other members of the Gulf Coast delegation created the Gulf Coast Working Group (GCWG) in 2015 to determine a path forward for passenger rail service in the region.

The Gulf Coast Working Group includes the Federal Railroad Administration (FRA), Amtrak, the host railroad, the SRC, and elected officials and business leaders from the Gulf Coast. The GCWG final report, released on July 17, 2017, identified one service option as a daily business train, making two round trips a day, between New Orleans, Louisiana to Mobile, Alabama that links Mississippi coastal cities. The report identified the capital costs and operating costs to restore this level of service and potential sources of federal funding to cover the projected costs of restoration. The segment that would be restored under this proposal would be New Orleans to Mobile. Several key capital improvements were identified as needed to implement a viable service. The States and local communities, along with the SRC have been working diligently to identify local funding sources necessary to secure the federal funding to restore this crucial service.

Thanks to the leadership of former Senator Cochran and the Gulf Coast Delegation, Congress demonstrated its strong commitment to improving passenger rail by appropriating $593 million for the CRISI program in FY18 and furthermore specifically setting aside $35 million of that $593 million for restoring or initiating passenger rail service. Congress additionally directed USDOT in the FY18 THUD Appropriations Report to prioritize funding for the restoration of rail along the Gulf Coast:

> "The (Appropriations) Committee expects Amtrak, SRC, and the gulf coast region to seek funding through these programs for the preferred routes and encourages the Secretary to prioritize funding provided by this Committee for these routes" (Page 74, Senate THUD Appropriations Report)[1].

With CRISI funds, the SRC will work with the States of Mississippi and Alabama to make the necessary capital improvements to reestablish passenger rail service between New Orleans, Louisiana and Mobile, Alabama. A study completed in April 2018 by the nationally recognized Trent Lott Center at the University of Southern Mississippi, in partnership with the University of Southern Alabama, has determined restored improved passenger rail service is a critical component of the continued economic recovery of our communities devastated by Hurricane Katrina. The Trent Lott Center study found that restoring improved passenger rail service along the Gulf Coast would provide profound economic benefits, enhance corridor mobility and safety, and allow for safer and more efficient hurricane evacuations for those who live and work in the region by providing a daily passenger service that is business and tourism friendly.

A commitment from the Federal Government will be matched by substantial commitments by other parties including, the Mississippi Department of Transportation, the Jackson County Port Authority, Amtrak, the State of Mississippi and the City of Mobile, Alabama. These funding commitments demonstrate broad support and a comprehensive partnership between federal, state and local entities.

An R&E grant would help facilitate the restoration of passenger rail along the Gulf Coast by ensuring the passenger rail service has sufficient time to increase ridership and revenue and integrate itself into the fabric of the communities it will serve. Historically, state supported passenger trains had 100% of their operating expenses covered by the federal government. An R&E grant to offset some of the operating expenses for the Gulf Coast passenger rail service would be consistent with this historical practice and lower the financial burden initially to the states of operating the train while the states work with local and private partners to raise ridership and revenue. The SRC's FY17 R&E application is matched by robust funding commitments from the States.

Ever since the demise of passenger rail service because of Hurricane Katrina in 2005, the Gulf Coast and its citizens have dreamed of a day with restored passenger service along the Gulf Coast. A federal CRISI award would go a long way toward making that dream a reality.

For these reasons I am writing in strong support of the SRC's application for FY18 CRISI funds.

Sincerely,

Name
Member of Congress/US Senator
State/Congressional District

[1] U.S. Congress, Senate, Committee on Appropriations, Transportation, Housing and Urban Development, and Related Agencies Appropriations Act, 2018: Report (to Accompany S. 1655), 115th Cong., 1st sess., 2017, S. Rep. 115-138, pg. 74, https://www.congress.gov/congressional-report/115th-congress/senate-report/138/1

FREQUENTLY ASKED QUESTIONS

Q: How long is the right-of-way that will be restored and who owns it?

A: The right-of-way extends from Mobile to New Orleans and includes 35 miles of track and the Mobile train station within the State of Alabama. CSX owns the right-of-way.

Q: What are the key capital improvements that need to occur in Alabama to make restoral of service on the Gulf Coast possible and how much will they cost?

A: 1) A new turnout near Monroe Street Grade Crossing which would lead to a new 800-1,000 foot stub track near Mobile Passenger rail station to allow storage and turnaround of trains 2) An interlocking remote upgrade at milepost 668.5 near Mobile, 3) Upgrading hand thrown switches to mechanical ones in Theodore. As mentioned above, the total estimated cost of the improvements needed is $7.15 million.

Q: Who would operate the service?

A: Amtrak would be the operator of the service, though the Southern Rail Commission would oversee Amtrak and ensure that the service fits what the Southern Rail Commission and the three states want. At the appropriate time, the Southern Rail Commission will negotiate an operating agreement with Amtrak.

Q: When would construction begin and when would the first train be put into service?

A: Rail service would be initially restored between New Orleans and Mobile with two trains per day. It is possible to add additional trains over time based upon ridership demand. Construction could begin shortly after the FRA awards its CRISI and R&E grants in the early spring of 2019. Initial rail service would likely begin in 2021.

Q: What cities would be served by new passenger rail service?

A: Mobile would be served in this initial stage. There is the potential for future services to Montgomery and Atmore.

Q: Who is paying for the new rail stations?

A: SRC has already distributed $150,000 to Mobile to plan a new station in downtown Mobile. SRC has also distributed $100,000 to Birmingham, $314,457 to Tuscaloosa, and $70,000 to Anniston for improvements to their existing stations.

Q: How much money are the States of Mississippi and Louisiana providing to restore this service?

A: Louisiana has committed $6.45 million to build a bypass at Gentilly Yard east of New Orleans. This bypass is necessary for the train to run. Mississippi is committing $13.95 million dollars to leverage another $19.34 million from the CRISI program for track and rail improvements throughout Mississippi.

Q: Who are the members of the Gulf Coast Working Group and the Southern Rail Commission?

A: The members of the Southern Rail Commission from Alabama are:

Anita Archie - Deputy Director ADECA
Corbett "Toby" Bennington - Director of Planning and Economic Development, City of Anniston
Wiley Blankenship - Secretary-Treasurer of SRC, President & CEO of Coastal Alabama Partnership
David Clark - President & CEO, Visit Mobile
Dr. Stephen McNair - Owner and Senior Consultant, McNair Historic Preservation, Inc.
John Clyde Riggs - Executive Director, Alabama-Tombigbee Regional Commission (ATRC)

For questions or more information, please contact John Robert Smith at jrsmith@t4america.org or 601-527-5040.

SOUTHERN RAIL COMMISSION

Y'ALL ABOARD.